

I am a strong supporter of the proposed Best Execution rule, which is critical in ensuring that individual investors receive the best possible execution for their trades. Many individual investors lack a deep understanding of the complexities involved in choosing how to execute a trade, making it all the more important that the SEC provide clear guidance on how to read and interpret the data in Regulation NMS Rule 605 reports.

Brokers owe their customers a duty of Best Execution derived from common law agency principles and fiduciary obligations. However, it is essential that this duty is formalized into a rule that the SEC can enforce. Conflicted orders do not belong in a Best Execution rule, and without this rule, customers may not be aware of revenue arrangements between brokers and subpar trading firms, or that they may be paying higher transaction prices.

Different trading venues can offer different prices, slower execution can lead to missed opportunities, information leaks can inhibit a successful transaction, and less reliable settlement processes can delay receipt of proceeds. The proposed rule would provide a more detailed and comprehensive standard for broker-dealers to follow, resulting in consistently robust best execution practices.

Quarterly reviews of execution quality would provide transparency and accountability for the broker-dealers' practices, and brokers recommending mutual funds with 12b-1 fees and revenue sharing arrangements with clearing brokers would be held accountable for their actions.

It is crucial to ensure that household investors are receiving the best possible execution for their trades. In December 2020, Robinhood was charged by the SEC with failure to satisfy its best execution obligation, resulting in an aggregate loss of \$34.1 million for its customers. Robinhood made misleading statements and did not disclose payments received for routing trades to specific firms. Similarly, Citadel paid the SEC \$22.6 million in 2017 to settle best execution charges for executing customer trades at less favorable pricing when a better price was available. These incidents highlight the need for the SEC to take action.

In summary, the proposed Regulation Best Execution is a necessary step in protecting household investors and promoting fair and efficient markets. I urge the SEC to implement this rule to ensure that brokers are held accountable for their actions, and individual investors receive the best possible execution for their trades.

Signed

Dante Sapatinas